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BANQUE CANADIENNE NATIONALE



SIXTY-NINTH
ANNUAL REPORT
NOVEMBER 30, 1943

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BANQUE CANADIENNE NATIONALE

Established 1874

Head Office: MONTREAL

Paid-up Capital and Reserve Fund, \$12,000,000.00

Assets, \$252,179,733.01

SIXTY-NINTH
ANNUAL REPORT

1943

BANQUE CANADIENNE NATIONALE

BOARD OF DIRECTORS

BEAUDRY LEMAN, *President and Managing Director*

SIR GEO. GARNEAU, *Vice President*

CHAS. LAURENDEAU, K.C., *Vice President*

L. J. ADJUTOR AMYOT

C. E. GRAVEL

HON. C. P. BEAUBIEN

A. J. MAJOR

ARMAND CHAPUT

HON. J. NICOL

AUGUSTE DESILETS, K.C.

LEO G. RYAN

HEAD OFFICE

CHAS. ST-PIERRE - - - - - *General Manager*

YVON LAMARRE }
HENRI DES RIVIÈRES } - - - - - *Assistant General Managers*

J. A. DULUDE - - - - - *Superintendent*

P. DE L. TACHÉ - - - - - *Manager, Credit Department*

ULRIC ROBERGE - - - - - *Chief Inspector*

A. COURTOIS - - - - - *Chief Accountant*

J. L. DAVIGNON - - - - - *Montreal District Manager*

A. G. RUSSELL - - - - - *Quebec District Manager*

LÉON LORRAIN - - - - - *General Secretary*

200 Branches — 314 Agencies

BANQUE CANADIENNE NATIONALE

SIXTY-NINTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF BANQUE CANADIENNE NATIONALE

Record of Proceedings at the Sixty-ninth Annual General Meeting of the Shareholders held on Saturday, 8th January, 1944, at twelve o'clock noon, at the Head Office of the Bank, Place d'Armes, Montreal, Canada.

Among those present were: Mr. L. J. Adjutor Amyot, Hon. C. P. Beaubien, Messrs L. E. Beaulieu, K.C., Georges Beaudry, Geo. E. Beaupré, Hubert Biermans, L. Bouthillier, Joseph Boutin, J. H. Brodeur, Armand Chaput, Emile Chaput, Arthur Courtois, J. E. Coutu, Hector Cypihot, M.D., Joseph Daoust, J. L. Davignon, J. V. Désaulniers, Ernest Miville Deschênes, Auguste Desilets, K.C., Ovida Desjardins, Henri desRivières, J. A. Dulude, Francis Fauteux, K.C., Zénon Fontaine, K.C., Rosario Genest, K.C., J. N. Gosselin, C. E. Gravel, Hon. Henri Groulx, Messrs Paul Guimond, Albert Hudon, Joseph Hurtubise, Raymond Hurtubise, J. Edouard Labelle, K.C., H. Labrecque, Yvon Lamarre, Charles Laurendeau, K.C., Godfroy Lauzon, Antoine L'Ecuyer, Beaudry Leman, Jules Lemire, Léon Lorrain, C. A. Lussier, A. J. Major, F. M. Marcotte, Hon. Jacob Nicol, K.C., Messrs Alfred H. Paradis, Gérard Parizeau, Antonio Perrault, K.C., Châteauguay Perrault, Hon. J. E. Perrault, Messrs J. E. Poirier, J. Alex. Prud'homme, K.C., J. Aldéric Raymond, J. Olier Renaud, Ulric Roberge, P. E. Rousseau, Leo G. Ryan, Rodrigue St-Onge, Charles St-Pierre, Henri Sauvé, Pierre de L. Taché, Eugène Tarte, Arthur Terroux, J. C. Thivierge, J. Arthur Trudeau.

It was moved by Mr. Albert Hudon, seconded by Mr. Zénon Fontaine, that Mr. Beaudry Leman be appointed Chairman and Mr. Léon Lorrain Secretary of the Meeting. The motion was unanimously carried.

The Secretary read: (1) Notice calling the Shareholders meeting, as published in the newspapers, (2) Certificates evidencing that the following documents had been forwarded to every shareholder, according to law: (a) Notice of the meeting, (b) Statement recording the attendance of the Directors at Board meetings, (c) Copy of Shareholders By-Laws in force on 1st July, 1943, (d) Copy of section 18 of the Bank Act, (e) Copy of the record of proceedings at the Annual General Meeting held on January 8, 1943.

The Record of proceedings at the sixty-eighth Annual General Meeting having been mailed to every shareholder, as evidenced by the certificate just read, it was moved by Mr. Charles Laurendeau, seconded by Mr. Leo G. Ryan, and unanimously resolved that this record of proceedings be taken as read and confirmed.

On motion by Mr. Joseph Daoust, seconded by Mr. Arthur Terroux, it was unanimously resolved that Messrs J. A. Trudeau and Joseph Hurtubise be appointed scrutineers.

The Chairman called upon the General Manager to read the Sixty-ninth Annual Report of the Board of Directors.

SIXTY-NINTH ANNUAL REPORT

Gentlemen,

Your Directors have the honour to submit their report on the Bank's operations for the financial year ending November 30, 1943.

PROFIT AND LOSS ACCOUNT

30th NOVEMBER, 1943

Balance at credit of Profit and Loss Account, 30th November, 1942.....		\$ 254,204.34
Profits for the year ended 30th November, 1943, after providing \$318,282.27 for Dominion Government Taxes and making appropriations to Contingent Reserve Fund out of which account full provision for bad and doubtful debts has been made.....		806,266.04
		<u>\$ 1,060,470.38</u>
Dividends (quarterly) at the rate of 6% per annum.....	\$ 420,000.00	
Contribution to Staff Pension Fund.....	80,000.00	
Written off Bank Premises.....	125,000.00	
Provision for payment to the Province of Quebec, Statute 14, Geo. V, Ch. 3.....	125,000.00	750,000.00
Balance at credit of Profit and Loss Account, 30th November, 1943.....		<u>\$ 310,470.38</u>

A. COURTOIS
Chief Accountant

C. ST-PIERRE
General Manager

BEAUDRY LEMAN
President

BALANCE SHEET

30th NOVEMBER, 1943

ASSETS

Subsidiary coin held in Canada.....	\$	745,466.99	
Notes of Bank of Canada.....		9,239,820.75	
Deposits with Bank of Canada.....		17,885,339.16	
Notes of other chartered banks.....		33,600.00	
Government and bank notes other than Canadian.....		60,991.08	
Cheques on other banks.....		11,216,697.00	
Deposits with and balances due by other chartered banks in Canada.....		2,445,408.44	
Balances due by banks and banking correspondents elsewhere than in Canada.....		1,976,824.82	\$ 43,604,148.24
Dominion and Provincial Government direct and guaranteed securities (maturing within two years), not exceeding market value.....		81,243,215.56	
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value.....		55,206,676.70	
Canadian municipal securities, not exceeding market value.....		10,631,278.99	
Public securities other than Canadian, not exceeding market value.....		570,690.78	
Other bonds, debentures and stocks, not exceeding market value.....		3,552,065.13	
			\$151,203,927.16
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....		3,229,378.01	154,433,305.17
			\$198,037,453.41
Current loans and discounts in Canada, estimated loss provided for.....		42,761,933.34	
Loans to Provincial Governments.....		630,149.00	
Loans to cities, towns, municipalities and school corporations.....		3,609,996.25	
Non-current loans, estimated loss provided for.....		80,889.11	47,082,967.70
Liabilities of customers under acceptances and letters of credit as per contra.....		315,434.13	
Real Estate other than Bank premises.....		1,208,336.70	
Mortgages on real estate sold by the Bank.....		632,940.76	
Deposit with the Minister of Finance for the security of note circulation.....		143,818.00	
Bank premises at not more than cost, less amounts written off.....		4,486,501.49	
Other assets.....		272,280.82	7,059,311.90
			\$252,179,733.01

LIABILITIES

Capital paid up	\$ 7,000,000.00	
Reserve fund	5,000,000.00	
Balance of Profit and Loss Account (after deducting payments to the Province of Quebec, Statute 14, Geo. V, Ch. 3)	310,470.38	
Dividends declared and unpaid	4,478.82	
Dividend payable 1st December, 1943	105,000.00	\$12,419,949.20
Notes of the Bank in circulation	2,138,467.00	
Deposits by and balances due to Dominion Government	30,612,927.68	
Deposits by and balances due to Provincial Governments	1,788,528.69	
Deposits by the public not bearing interest	60,933,871.55	
Deposits by the public bearing interest, including interest accrued to date of statement	141,784,227.21	
Deposits by and balances due to other chartered banks in Canada	1,204,504.08	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries	923,725.99	239,386,252.20
Acceptances and letters of credit outstanding		315,434.13
Other liabilities to the public		58,097.48
		<u>\$252,179,733.01</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We beg to report to the Shareholders of Banque Canadienne Nationale that we have checked the cash and verified the securities of the Bank at the Chief office as at 30th November, 1943, as well as at another time during the year, and found they agreed with the entries in the books in regard thereto.

We have examined the books and accounts at Head Office and have compared the above Balance Sheet with these books and with the certified returns from the branches. In our opinion, the Balance Sheet is properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1943, according to the best of our information and the explanations given us, and is as shown by the books of the Bank.

We have obtained all the information and explanations required by us, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

MAURICE CHARTRE, C.A. of Chartré, Samson, Beauvais, Gauthier & Cie	} Auditors.
JOHN W. ROSS, C.A. of P. S. Ross & Sons	

Montreal, 20th December, 1943.

BEAUDRY LEMAN
President

C. ST-PIERRE
General Manager

A. COURTOIS
Chief Accountant

The financial statements which have just been read disclose total deposits at \$237,247,785 against an amount of \$187,871,528 last year. This total constitutes a peak for this Bank. The number of depositors has also increased considerably. Deposits by the public not bearing interest have grown by an amount of ten and a half million dollars, standing at \$60,933,872. Interest bearing deposits, showing an increase of over twenty-five million dollars, have attained a record figure of \$141,784,227. Deposits by Governments, amounting to \$32,401,456, have risen during the past year thirteen and a half millions.

The notes of the Bank in the hands of the public amounted to \$2,138,467, as of 30th November last, against \$3,001,652 a year ago. Under the terms of the Bank Act, the note issue privilege is being gradually withdrawn from the Chartered Banks, with the result that in 1943 the Banks could circulate their notes up to an amount of 45% of their paid-up capital, the percentage to be further reduced to 35% in 1944 and to 25% in 1945. The double liability attaching to bank shares is therefore being reduced in the same proportion.

Total assets of the Bank, now aggregating \$252,179,733, show an increase of over forty-eight and a half millions for the year. This constitutes a record for this Bank. Cash assets stand at \$43,604,148 in comparison with \$34,551,381 at the end of last year, and represent 18.21% of liabilities to the public. Quickly realizable assets have grown in the course of the year, from \$140,786,543 to \$198,037,453. This accretion of over 57 millions has raised the percentage of quickly realizable assets to liabilities to the public from 73.74 to 82.71%.

Current loans and discounts appear at \$42,761,933 compared with \$48,442,989 at the close of the last fiscal year. This decrease accounts for the falling off in profits, notwithstanding the large increase in assets. War-time conditions are largely responsible for the shrinkage in current loans and discounts. The demand for bank credit has lessened because many industrial and commercial concerns, catering for civilian needs, found it difficult to obtain raw materials or stocks of merchandise. Municipalities and other public bodies have continued gradually to reduce their debts, with the result that our loans of this category have diminished from \$6,398,193 to \$3,609,996.

The management has had to direct a larger share of the Bank's available resources towards the purchase of securities. The rise in this class of assets has been without precedent, growing from \$102,878,177 to \$151,203,927. The yield on the portfolio of the Bank, consisting mostly of short-terms bonds, is in inverse ratio to the quality and maturity of the securities.

Net profits of the year, as disclosed by the Profit and Loss Account, amounted to \$806,266. They show a slight decrease in comparison with those of the previous year, which totalled \$836,815, before deducting the sum of \$60,000 allocated to the staff's pension

fund. The net profits of the year, after provision of \$318,282 for Federal Income taxes, were apportioned as follows:—dividends, \$420,000; contribution to staff's pension fund, \$80,000; written-off bank premises, \$125,000; payment to the Province of Quebec, Statute 14, Geo. V, Ch. 3, \$125,000. A total of \$56,266 of undivided profits was carried to Profit and Loss Account, whose credit balance now stands at \$310,470 against \$254,204 as of 30th November 1942.

The shareholders will doubtless note with satisfaction that, on 31st December, 1943, the Bank paid over to the Treasury of the Province of Quebec an amount of \$1,467,686.87 which, with previous instalments paid by the Bank, has discharged the balance of payments which the Bank had assumed under Statute 14, Geo. V, Ch. 3. The Province has received the full amount which the Bank had agreed to pay, under the terms of this Law, to enable the Province to constitute a sinking fund for the redemption, on 1st March, 1964, of \$15,000,000 of bonds of the Province ceded and transferred to the Bank in 1924.

In pursuance of understandings between the chartered banks, with a view to coping with the difficulties of securing the necessary staff, the Bank has closed, during the last fiscal year, five branches, at the following points: at 4600 Notre-Dame St. West, Montreal; at Buckingham and Perron, Province of Quebec; at Maxville, in the Province of Ontario, and at Gravelbourg, Saskatchewan. Additionally, fourteen branches were converted into agencies, and ten agencies were closed. The National Canadian Bank now operates 514 offices, of which 200 are regular branches and 314 are agencies.

The difficulties assignable to present conditions, to which should be added the voluntary cooperation which the Bank has extended to the Federal authorities in applying a number of war measures, have added to the already onerous task of the personnel of the Bank. We take pleasure in acknowledging that the members of our staff have conscientiously discharged their duties and that they have evidenced a praiseworthy attention to the best interests of the Bank and its patrons.

THE PRESIDENT'S ADDRESS

Gentlemen,

You have just heard the comments of our General Manager, Mr. Charles St. Pierre, on the results of last year's operations of this Bank, which, I am sure, you will consider satisfactory under the circumstances. Before moving the adoption of the Bank's financial statements, I wish to offer a few observations covering the general business situation.

Agricultural Matters

The pressure of war conditions has brought about certain changes in the rural economy of Canada. On many farms operations have

been diverted, partially or totally, from the growing of bread-stuffs to stock breeding, the demand for animal products being more urgent. The labour shortage and unfavourable climatic conditions have reduced the volume of field crops, the gross value of which is estimated at 1,102 millions of dollars, being a decrease of about 100 million dollars from the previous year. The wheat crop, the volume of which is placed by the Dominion Bureau of Statistics at 294 million bushels, is about one half the record crop of 1942. The areas sown to wheat were the smallest since 1918. It did seem anomalous that, whereas the Government of the United States last year was urging the wheat growers to extend the land sown to wheat from 54 to 68 million acres, the Canadian Government was bonusing farmers to restrict wheat seeding. This attitude is all the more difficult to understand that the United Nations, during the Conference at Hot Springs, Virginia, when studying world-wide food problems, strongly recommended that allied countries endeavour to develop in every possible way the production of food-stuffs, in order that, at the end of the war, the famished populations of Europe and Asia be supplied with food. Notwithstanding this definite recommendation and the fact that increased foreign demand has reduced, during the past year, Canadian holdings of grains, the Canadian Interprovincial Agricultural Congress held in November, 1943, in Ottawa, for the purpose of fixing the broad lines of agricultural policy during the next season, did not consider it advisable to encourage the extension of areas sown to wheat. The Federal Government, however, has decided to discontinue the payment of indemnities for land that was to lie fallow. The Department of Agriculture estimates that the areas sown to wheat in 1943, even with an average yield in 1944, would give Canada sufficient wheat to meet the highest possible demand during the next two years. It appeared preferable to concentrate on the production of coarse grains, oil-bearing seed crops, peas, beans and corn.

Stock-raising and the dairy industry have given an excellent yield. The rise in prices of most agricultural products has, in a great many cases, more than made up for the shrinkage in production. It is estimated that the income of the rural class has been materially higher in 1943 than in 1942.

Industrial Activity

Industrial output attained a peak in 1943, notwithstanding a contraction in forestry operations, in iron and steel, in construction, in pulp and paper manufacturing, in textiles and in cheese making. Estimates would seem to indicate that, during the current fiscal year, Canada is financing the war at the rate of 4,356 million dollars, as against 3,138 million dollars in 1942-43, and 945 million dollars in 1941-42. In the course of the four years of war, Canada has launched 750 ships, delivered more than 10,000 planes and more than 600,000 military vehicles. This enormous production was superimposed on

the output of our manufacturing industry for civilian requirements. This output has undoubtedly been reduced by labour shortage and lack of raw materials from the amount of 3,500 millions at which it stood in 1939.

The mining of base metals, the demand for which has been greatly stimulated by the war, calls for so many experienced miners that the gold mines have had to reduce their staffs. The production of gold has fallen off considerably in the course of the past year. Canada, which holds first place amongst countries exporting minerals and base metals, will have established in 1943 a new record. Although statistics relating to the mining industry are not published during the war, estimates would indicate that Canada has forwarded to the United Nations 95% of their requirements of nickel, 20% of their zinc, 12½% of their copper, 15% of their lead, 75% of their asbestos and 40% of their aluminium. The output of coal has had a set-back due to strikes in a number of collieries.

The building trades, which had manifested great activity in 1940 and 1941, due to the vast military establishments then under construction, witnessed in the last two years a slackening which has become more marked during the last few months. The shortage of man-power and of building materials, not to mention the restrictive measures which are in force, hampers the construction of new buildings. No wonder that in scores of communities throughout the country the need for accommodation and for buildings of all descriptions is very much in evidence.

Labour Shortage

The index of the Dominion Bureau of Statistics would seem to indicate that available resources of man-power are reaching the point of exhaustion, even after taking into account the very substantial contribution afforded by female labour. The man-power shortage in evidence in agriculture, coal mining, forestry operations and in other spheres of activity, has brought about a difficult situation which might become dangerous. Canada approaches the time when the problem to be solved is not so much one of apportioning labour as of finding labour to apportion.

Foreign Trade

The value of the foreign trade of Canada, exclusive of gold shipments, reached, for the first ten months of 1943, an amount of 3,840 million dollars. Our imports account for 1,440 millions and our exports for 2,400 millions. These record figures, although they reveal that our country possesses vast possibilities for the production of goods, do not convey information of a very convincing character as regards the real condition of our foreign trade and the future of our exports. A moment's study discloses the fact that a large part

of our imports consists of raw materials and equipment destined to our war industry and that a very large share of our exports comprises raw materials, armaments and munitions and food-stuffs which are included in our contribution to the war.

Taxation

The burden of taxation weighing on industry is so heavy that it endangers the rapid recovery of our establishments. A survey made by the Bank of Canada sets forth that in 1942 the taxes paid by 628 Canadian companies exceeded the net profits which they had been allowed to retain. This situation will doubtless have been aggravated in 1943, inasmuch as the rate of taxation on excess profits was raised to 100% as of 1st July, 1942. If companies are to depend on the refundable portion of excess profit taxes to renew their machinery and equipment, they are running a grave risk of being out-distanced by competition from countries where imposts are less onerous.

There should be grounds for hoping that the Government could reduce taxes in the not distant future. It would not seem illogical to think that, inasmuch as the large disbursements incidental to the construction and enlargement of a great number of plants, dock-yards and airports are now completed, war expenditures should show signs of contraction.

While on the subject of taxation, may I direct your attention to a matter which is developing into a serious situation. As you know, public services in the Province of Ontario are not subject to income taxes whereas they are subject to these imposts in most of the other provinces. This anomaly cannot be brushed aside by the mere mention that in one case public ownership prevails whereas elsewhere the same services are under private control. The taxpayer is not much concerned with constitutional distinctions and juridical subtleties; he finds that he is called upon to pay more, as the taxes are added to service charges, and he is firmly of the opinion that all citizens of a country should be equal before the taxing authorities.

The Rental Value of Money

The policy of the Federal Government has been directed towards the reduction of the rental value of money. This policy is propitious to the launching of new loans and the conversions of loans of the Federal Government, of the Provinces and of the municipal bodies; it would also be advantageous to private finance and to business in general, were it not for federal taxation. In point of fact a number of companies are not over-zealous in the matter of improving their financial set-up, through the retirement of their bonds or their conversion at lower interest rates, for the Government has removed the incentive by appropriating the economies or the additional pro-

fits that would be so realized. The present policy discriminates against companies whose financial structure is the soundest and who are the best prepared to adapt themselves to post-war conditions.

On the return of peace, foreign capital, particularly capital available in the United States, will seek employment in countries offering sound and stable political conditions, with well disciplined labour, conscious not only of its rights but also of its social responsibilities. Capital will no doubt take into account a third element, that is a relatively better return on money invested. A policy of cheap money is desirable during the war to ease public financing, but it should not be maintained over-long if we believe that this country is still in need of foreign capital to foster the development of its resources.

The Nationalization of Banks

The much publicized project of nationalizing the chartered banks of Canada has become the subject matter of political controversy, and I do not propose to dwell at length on this question. Suffice it to state that those who cherish the idea that a state-owned and administered bank would loan money to all and sundry at rates much lower than those now prevailing are labouring under a delusion. A glance at the forms for income tax returns, articles 36 and 39, will convince the doubters that the Government does not hesitate to stipulate a rate of interest of 8% per annum on deferred payments or on balances of income taxes.

An International Stabilization Fund

A number of experts are now giving careful study to the problem of restoring international trade in the immediate post-war period. There are two methods of exchanging goods and services as between individuals and nations: one is through barter and the other through the use of currency. Barter is a clumsy and obsolete method and is a deterrent to the free movement of goods from one country to another. The use of currency, far more practical, is not exempt of pitfalls. Currencies, when divorced from gold, are delicate instruments to handle and are apt to get out of order.

Currency balances are constituted abroad for the purpose of making investments or of paying for or ordering goods. It is therefore important to bear in mind that when currency is made available by one country to another country, this transaction is meant to cover the transfer of wealth and of the product of toil; it goes without saying that such action must be taken with great care and with due regard to the legitimate interests of the countries concerned.

In Great Britain, in the United States and in Canada, competent experts have suggested various measures which, under different names, have similar purposes in view. In England, an international clearing union is suggested whereas the United States stresses the

advantages of an international stabilization fund. Canadian specialists appear to have attached more importance to the measures under consideration than to the words defining the proposals.

When appropriate and generally acceptable solutions have been found, it will become necessary to assure their practicable realization. Where will this international dove alight in this nationalistic world? It must alight somewhere. It will become necessary to incorporate the soul of this new organism into a body and give it a constitution. It must function in scores of countries, it will be called upon to hold gold and to open credits throughout the world. The Bank for International Settlements is a Swiss corporation. Why not make the International Stabilization Fund a Canadian company? Our country has men capable of administering an undertaking of this magnitude. Canada is greatly interested in the growth of international trade and yet it is not powerful enough to make other countries suspicious that it might wish to dominate the economy of the world. Moreover, Canada would be in excellent situation to cooperate, understandingly, with two of the greatest trading nations of the world.

The Post-War

Will this new year see the return of peace, at least in Europe? It would be rash to hazard a definite answer. But whether peace be near or long delayed, it does not seem premature to prepare therefor. What rank will Canada attain amongst the nations of the world in the post-war period? Our country possesses abundant and varied natural resources. Our supply of labour will be much greater than before the war. To our great railway systems will be added a merchant marine of no mean importance and a commercial aviation of considerable size. Situated at the cross-roads of the great aerial routes, our country will have a large number of aircraft plants, airports, pilots and technicians. If we wish to derive the greatest measure of advantage from these assets, it is of paramount importance that we maintain a sound currency, a well balanced taxation structure, a realistic commercial policy and a political regime directed towards the stimulation of private initiative.

Dictatorship or Freedom

As frequently happens in periods of general upheaval, there are a number of people nowadays who would revise our whole economic set-up, including the system of free enterprise which has so greatly contributed to the development of our country. All the shortcomings and failings of human nature are attributed to the present economic system. But if you substituted therefor another system, devised by men who have not as yet demonstrated their infallibility, humanity would be assured of a return to the conditions existing in the Garden of Eden. For some the millennium is another word for some kind of planned economy whilst for others it is some form of disguised socialism.

Governments are warranted in intervening in the realm of economics for the purpose of repressing or, far better, of preventing abuses. Their principal function is to create, through sane and prudent legislation and administration, conditions apt to promote economic activity and social progress. Let us not confuse the feverish activity due to war-time conditions and the improvisations, frequently ill-considered, of the State pledging billions of dollars to the construction and exploitation of plants which, at the end of the war, will be as bare of workers as they will be of orders, with sound undertakings in which individuals have invested their capital and their brains to insure their success. It is not the State who has done away with unemployment; this has been brought about by the citizens of this country who, by their toil, their taxes and their subscriptions to public loans, have again set in high gear the economic machine which, before the war, was working in low gear.

The scrutineers reported that 3,813 shares were present and 22,368 represented by proxy at the Meeting, a total of 26,181 shares.

It was moved by Mr. Beaudry Leman, seconded by Mr. L. J. A. Amyot, and unanimously resolved, that the Sixty-ninth Annual Report of the Board of Directors be approved by the Shareholders.

Mr. Antonio Perrault, K.C., moved, seconded by Mr. L. E. Beaulieu, K.C., that the Shareholders extend their congratulations to the Directors on the results attained by the Bank during the past fiscal year. Mr. Perrault stated that the Shareholders had good reason to be satisfied with the manner in which their Bank was administered. Mr. Beaulieu, in seconding the motion, pointed out that the congratulations of the Shareholders were all the more warranted on account of the difficulties resulting from general conditions which call for constant vigilance on the part of the Directors of the Bank.

The motion was unanimously adopted.

The President thanked Mr. Perrault, Mr. Beaulieu and the Shareholders, in behalf of the Directors and in his name.

Mr. J. E. Labelle, K.C., moved that the thanks of the Shareholders be tendered to the General Manager of the Bank, Mr. Charles St-Pierre, and to the members of the staff whose initiative, loyalty and devotion have largely contributed to the satisfactory results achieved during the past fiscal year notwithstanding a variety of tasks which have been superimposed on their regular duties, due to circumstances. Mr. Labelle also referred to the employees who had left the Bank to answer the call of their Country. Mr. Rosario Genest, K.C., in seconding the motion, said that he heartily endorsed the words of commendation addressed by Mr. Labelle to the General Manager and the members of the staff who had so efficiently served the interests of the Bank.

The motion was unanimously adopted.

Mr. St-Pierre, in behalf of the members of the staff and in his name, thanked the sponsors of the resolution and said that it was highly appreciated. There is no doubt, asserted Mr. St-Pierre, that if the Bank has been able to maintain a satisfactory service to its customers in spite of present difficulties, it is due to the steadiness, the cooperation and the devotion to duty of each and every member of the staff.

The Secretary read letters from Mr. Maurice Chartré, C.A., and from Mr. A. Ballantyne, C.A., offering their services to the Bank as auditors for the fiscal year 1943-44.

Upon motion of Hon. J. E. Perrault, seconded by Mr. Alfred H. Paradis, it was unanimously resolved that Messrs Maurice Chartré, C.A., and A. Ballantyne, C.A., be appointed auditors, for the fiscal year ending November 30, 1944, and that their remuneration be set at a total amount not exceeding \$10,000 to be divided between them according to the time devoted by each to the affairs of the Bank.

It was moved by Mr. Hubert Biermans, seconded by Mr. J. Alex. Prud'homme, K.C., and unanimously resolved: That, should normal relations between Canada and France be resumed, Mr. Beaudry Leman and Mr. Charles Laurendeau be authorized, together or each of them, to act as attorney or proxy of Banque Canadienne Nationale at any and all meetings of the shareholders of Banque Canadienne Nationale (France) and to delegate their powers as such to any person or persons which they may nominate.

Hon. Henri Groulx moved, seconded by Mr. J. Aldéric Raymond, that the meeting proceed to the election of Directors and that one ballot be cast evidencing the decision of the Meeting. This motion was unanimously carried.

A ballot was handed to the scrutineers who reported that the following Shareholders had been elected Directors of the Bank:

Mr. L. J. Adjutor Amyot
Hon. C. P. Beaubien
Mr. Armand Chaput
Mr. Auguste Desilets, K.C.
Sir George Garneau
Mr. C. E. Gravel
Mr. Charles Laurendeau, K.C.
Mr. Beaudry Leman
Mr. A. J. Major
Hon. Jacob Nicol
Mr. Leo G. Ryan

The scrutineers' report was unanimously confirmed.

The Meeting then adjourned.

At a meeting of the Board of Directors of the Bank held immediately after the Annual Shareholders' Meeting, Mr. Beaudry Leman was elected President and Managing Director of the Bank and Sir George Garneau and Mr. Charles Laurendeau were elected Vice-Presidents.

CORRESPONDENTS OF THE BANK

CANADA

Bank of Montreal.

UNITED STATES

NEW-YORK:

Bankers Trust Co.
Chase National Bank.
National City Bank.
Irving Trust Company.
Guaranty Trust Company of New York.
New York Trust Company.
Public National Bank & Trust Co.

BOSTON:

First National Bank.
National Shawmut Bank.

BUFFALO:

Marine Trust Company.

CHICAGO:

Continental Illinois National Bank and Trust Co.

LOS ANGELES:

Security-First National Bank of Los Angeles.

PHILADELPHIA:

Philadelphia National Bank.

PITTSBURGH:

Mellon National Bank.

ST-PAUL:

First National Bank.

AFRICA

Barclays Bank (Dominion, Colonial and Overseas).

AUSTRALIA

Union Bank of Australia, Limited.
Comptoir National d'Escompte de Paris.

GREAT BRITAIN

LONDON:

Barclays Bank Limited.
Clydesdale Bank Limited.
Comptoir National d'Escompte de Paris.
Crédit Lyonnais.
Société Générale de Crédit Industriel et Commercial.

NEW ZEALAND

Bank of New Zealand.

SOUTH AMERICA

ARGENTINA:

First National Bank of Boston, Buenos Aires.

SPAIN

BARCELONA:

Banco Espanol de Crédito.

MADRID:

Crédit Lyonnais.

SWITZERLAND

BASLE:

Banque Commerciale de Bâle.

ZURICH:

Société de Banque Suisse.

WEST INDIES

Barclays Bank (Dominion, Colonial and Overseas).

